

To Our Valued Customers:

Recently, new banking regulations have been enacted that will affect the way banks handle overdrafts involving debit cards, and we want to be sure that our customers know what's happening. **These changes only pertain to transactions made with a debit card; not to checks or automated clearing house transactions.** Under the new regulations, beginning August 15, 2010, everyday debit card transactions and ATM withdrawals that would overdraw your account will generally be declined.

This chart shows how overdraft service will be impacted by the upcoming changes.

Type of transaction considered for overdraft	Today	Starting August 15, 2010	
		If you don't opt in	If you do opt in
Checks and other payments using your checking account number (like ACH)	✓	✓	✓
Recurring debit card transactions	✓	✓	✓
ATM withdrawals	✓		✓
Everyday debit card transactions	✓		✓

As part of Mainland Bank's Overdraft Privilege program, these transactions have previously been authorized and paid up to your account's Overdraft Privilege limit. At our discretion, we may not pay insufficient items if your account is not in good standing, for example, if: you are not making regular deposits; you have not immediately brought your account to a positive balance; or you have outstanding legal orders. **If you want us to continue to authorize and pay ATM and everyday debit card transactions using Overdraft Privilege, you must "opt in" by signing and returning the enclosed form.** There is no fee for the Overdraft Privilege program – you'll only pay a fee of \$27.50 per item if we approve a transaction that overdraws your account. After you have opted in, you retain the right to opt out at any point. It's your choice.

As always, we want to help you effectively manage your account. That's why we offer free, easy-to-use tools such as online and telephone banking. To learn more about these tools, please ask us.

To opt in now, please review and sign the enclosed form and return it to the bank either through the mail or by bringing it in to one of our branches. **Remember, to keep your Overdraft Privilege in place without interruption for ATM withdrawals and everyday debit card transactions, we must hear from you before August 15.** If you do not opt in, these types of transactions will not be authorized if your account does not have sufficient funds. If you have any questions about this regulatory change, or if we can be of any other service to you, please contact us at (409) 948-1625. Thank you for allowing us to be your community bank!

Regards,

Robert Harris
President & CEO

What You Need to Know About Overdrafts and Overdraft Fees

Language that is preceded by a box below is included only if the box is checked or marked with an "X".

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway.

We can cover your overdrafts as follows:

We have standard overdraft practices that come with your account.

- We also offer one or more overdraft protection plans which may be less expensive than our standard overdraft practices, such as the following (to learn more, ask us about these plans):
 - A line of credit
 - A link to another account
 -

This notice explains our standard overdraft practices.

What are our standard overdraft practices that come with your account?

We do authorize and pay overdrafts for the following types of transactions:

- Checks
- Checks and other transactions using your checking account number
- Automatic bill payments
-

(Note to institution: The first of the following two options should be chosen for accounts opened before July 1, 2010, and the second should be chosen for accounts opened on or after July 1, 2010.)

- Commencing August 15, 2010, we do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):
 - ◆ ATM transactions
 - ◆ Everyday debit card transactions
- We do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):
 - ◆ ATM transactions
 - ◆ Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined.

What fees will be charged if pays my overdraft?

Under our standard overdraft practices the following fees are imposed (if more than one fee is checked, both the first fee checked and any additional fee(s) checked are imposed):

- We charge a fee of \$ _____ each time we pay an overdraft.
- We charge a fee of up to \$ _____ each time we pay an overdraft.
- We charge a fee of \$ _____ for each day your account is overdrawn.
- We charge a fee of up to \$ _____ for each day your account is overdrawn.
- If the account is overdrawn for more than _____ consecutive days, we charge a fee of \$ _____ for each day your account is overdrawn.
- If the account is overdrawn for more than _____ consecutive days, we charge a fee of up to \$ _____ for each day your account is overdrawn.
-

One of the following three boxes must be checked or marked with an "X", and if the third is chosen, describe the fee limit:

- There is no limit to the total fees that we can charge you for overdrawing your account.
- The maximum number of overdraft fees that we can assess is limited to _____ per day.
-

What if I want to authorize and pay overdrafts on my ATM and everyday debit card transactions?

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, do one of the following:

- call
- visit
- complete and sign the Election Form below, detach it at the dotted line, and deliver it to us or mail it to us at

-----**ELECTION FORM**-----

____ I want to authorize and pay overdrafts on my ATM and everyday debit card transactions with respect to the account identified below.

X _____
Printed Name: _____
Date: _____
Account Number: _____